

AAJ
3/30/2004

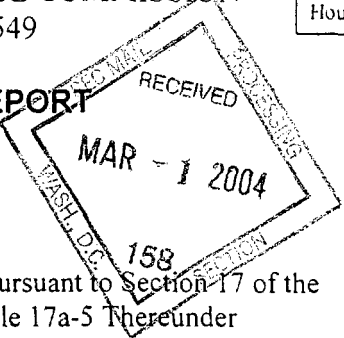
SEC



GE COMMISSION
549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden	
Hours per response	12.00

**ANNUAL AUDITED REPORT
FORM X-17 A-5
PART III**



SEC FILE NUMBER
8-44166

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: GLOBAL INVESTOR SERVICES, L.C.		
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) <u>777 Brickell Avenue, Suite 1010</u> (No. and Street)		
<u>Miami</u> (City)	<u>FL</u> (State)	<u>33131</u> (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT <u>Raul Henriquez</u>	
<u>305-373-9000</u> (Area Code - Telephone Number)	

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*			
<u>Kaufman Rossin & Co.</u> (Name - if individual, state last, first, middle name)			
<u>2699 S. Bayshore Drive</u> (Address)	<u>Miami</u> (City)	<u>Florida</u> (State)	<u>33133</u> (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in the United States or any of its possessions

PROCESSED
MAR 30 2004
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

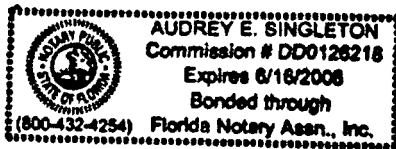
*Claims for exemption from the requirement that the annual report be covered by the opinion public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e) (2)

AAJ
3/30/2004

OATH OR AFFIRMATION

I, Raul Henriquez, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GLOBAL INVESTOR SERVICES, L.C., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

No exceptions



[Signature]
(Signature)
Managing Director
(Title)

Audrey E. Singleton
(Notary Public)

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. (Cash Flows)
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditors' report on internal control required by SEC Rule 17a-5.

*** For conditions of confidential treatment of certain portions of this filing. See section 240.17a-5(e)(3).*

A report containing a statement of financial condition has been included; accordingly it is requested that this report be given confidential treatment.

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTARY INFORMATION	
Computation of Net Capital Per Uniform Net Capital Rule 15c3-1	10
Statement on Exemption from the Computation of Reserve Requirements and Information for Possession or Control Requirements Under Rule 15c3-3	11
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3	

INDEPENDENT AUDITORS' REPORT

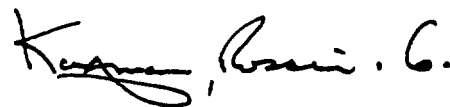
To the Sole Member
Global Investor Services, L.C.
Miami, Florida

We have audited the accompanying statement of financial condition of Global Investor Services, L.C. as of December 31, 2003, and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Investor Services, L.C. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Miami, Florida
February 4, 2004

**KAUFMAN
ROSSIN &
CO.** PROFESSIONAL
ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL INVESTOR SERVICES, L.C.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

CASH AND CASH EQUIVALENTS	\$	1,033,957
DUE FROM BROKERS (NOTE 2)		616,994
OTHER RECEIVABLES		126
	\$	1,651,077

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	\$	420,057
CONTINGENCY (NOTE 6)		
MEMBER'S EQUITY		1,231,020
	\$	1,651,077

See accompanying notes.

GLOBAL INVESTOR SERVICES, L.C.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

REVENUES

Commissions	\$ 3,416,872
Profit from participation agreement (Note 3)	2,418,958
Placement fees	352,838
Other	38,142
Interest and dividends	28,618
Total revenues	6,255,428

EXPENSES

Management fees (Note 4)	4,367,776
Clearing charges	262,333
Dues and subscriptions	45,915
Other general and administrative	21,643
Professional fees	14,000
Total expenses	4,711,667

NET INCOME	\$ 1,543,761
-------------------	---------------------

See accompanying notes.

GLOBAL INVESTOR SERVICES, L.C.
STATEMENT OF CHANGES IN MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2003

MEMBER'S EQUITY AS OF DECEMBER 31, 2002	\$ 4,858,914
DISTRIBUTIONS (NOTE 3)	(5,171,655)
NET INCOME	1,543,761
MEMBER'S EQUITY AS OF DECEMBER 31, 2003	\$ 1,231,020

See accompanying notes.

GLOBAL INVESTOR SERVICES, L.C.**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 1,543,761
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Due from brokers	617,450
Other receivables	267
Accounts payable and accrued liabilities	(218,706)
Total adjustments	399,011
Net cash provided by operating activities	1,942,772

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions	(4,000,000)
---------------	--------------

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,057,228)

CASH AND CASH EQUIVALENTS - BEGINNING 3,091,185

CASH AND CASH EQUIVALENTS - ENDING \$ 1,033,957

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Distribution of amounts due from broker in connection with transfer of the profit participation agreement to the Company's Parent (Note 3).	\$ 1,171,655
---	--------------

See accompanying notes.

HENCORP BECSTONE SECURITIES, L.C.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Organization

Global Investor Services, L.C. (f/k/a Hencorp Becstone Securities, L.C.) (the Company), was organized in December 24, 1998 as a Florida Limited Liability Company, and effectuated its name change on July 16, 2003. The Company, a wholly owned subsidiary of Hencorp Becstone, L.C. (the "Parent"), is a broker and dealer whose primary focus of business is to provide execution, clearing and administrative services to foreign brokers through subclearing arrangements. The Company also continues to sell listed, over the counter equities, options, mutual funds and corporate bonds to retail investors.

Government and Other Regulation

The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

Cash and Cash Equivalents

Cash and cash equivalents include liquid instruments with a purchased maturity of three months or less. The Company may, during the course of operations, maintain cash balances in excess of federally insured limits.

Securities Transactions

Securities transactions and related commission income and clearing charges are reported on a trade date basis.

Income Taxes

The Company is not subject to income taxes as it is a disregarded entity for income tax purposes as a single member limited liability company, whose operations are reflected in the tax return of the Parent.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DUE FROM BROKERS

The Company's primary clearing and depository operations are provided by Pershing, a Bank of New York Company, whose principal office is in Jersey City, New Jersey.

Amounts due from brokers at December 31, 2003 are held at brokers in the following countries, and subject to the credit risks inherent in those countries:

United States	\$	616,873
Bermuda		121
		<hr/>
		\$ 616,994

NOTE 3. PROFIT FROM PARTICIPATION AGREEMENT

During 2003, the Company was a participant in profits generated from customers' transactions with Refco Capital Markets, Ltd. ("RCM"). Transactions with these customers are handled by Refco Emerging Markets ("REM"), a branch of Refco Securities, LLC and related to the Company by virtue of common management. In connection with this profit participation agreement (the "Agreement"), the Company received a 59% share of the income generated from securities transactions with customers handled by REM. Effective May 31, 2003, the Agreement and its future benefits were distributed to the Parent along with \$1,171,655 of receivables due to the Company related to the Agreement. For the period from January 1, 2003 through May 31, 2003, the Company earned \$2,418,958 related to this activity.

NOTE 4. MANAGEMENT AGREEMENT

The Company receives management and administrative services, including office facilities, from an entity affiliated by virtue of common ownership. In this regard, the affiliate incurs significant operating expenses and provides facilities and staff in consideration of a management fee. For the year ended December 31, 2003, the Company incurred \$4,367,776 of management fees of which \$406,057 is included in accounts payable and accrued liabilities in the accompanying statement of financial condition at December 31, 2003.

NOTE 4. MANAGEMENT AGREEMENT (Continued)

Management fees consisted of the following for the year ended December 31, 2003:

Commissions	\$ 2,703,251
Facilities and office expenses	665,502
Salaries	600,518
Consulting	142,629
Travel and entertainment	106,582
Dues and subscriptions	88,821
Professional fees	45,297
Miscellaneous	15,176
	<hr/>
	\$ 4,367,776

NOTE 5. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, which requires that "Net Capital", as defined, shall be at least the greater of \$100,000 or one-fifteenth of "Aggregate Indebtedness", as defined. At December 31, 2003, the Company's "Net Capital" was \$1,195,318, which exceeded requirements by \$1,095,318 and the ratio of "Aggregate Indebtedness" to "Net Capital" was 0.35 to 1.

NOTE 6. CONTINGENCY

In October of 2002, the Company was named as a defendant in a case alleging misappropriation of funds by a broker with regards to an account controlled by the broker's father, with alleged actual damages of \$500,000. Including attorney's fees and costs, the total amount sought in damages is \$1,300,000.

The Company believes these claims to be baseless, and plans to vigorously defend itself against them. Moreover, seven months after the case was filed, the broker's father passed away, and since then no further motions have been brought forward by the plaintiff's attorneys. Based on these facts, management believes that the probability of an unfavorable outcome is remote, and there is a likelihood that the case may lapse.

NOTE 7. RISK CONCENTRATION

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

SUPPLEMENTARY INFORMATION

GLOBAL INVESTOR SERVICES, L.C.

COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL RULE 15c3-1

DECEMBER 31, 2003

CREDITS

Member's Equity	\$ 1,231,020
-----------------	--------------

DEBITS

Receivable from broker, foreign	121
---------------------------------	-----

Other receivables	126
-------------------	-----

Total debits	247
--------------	-----

NET CAPITAL BEFORE HAIRCUTS ON CASH EQUIVALENTS	1,230,773
---	-----------

HAIRCUTS ON CASH EQUIVALENTS	35,455
------------------------------	--------

NET CAPITAL	1,195,318
-------------	-----------

MINIMUM NET CAPITAL REQUIREMENT - greater of \$100,000 or 6 2/3% of aggregate indebtedness of \$420,057	100,000
--	---------

EXCESS NET CAPITAL	\$ 1,095,318
--------------------	--------------

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	0.35 to 1
--	-----------

SCHEDULE OF AGGREGATE INDEBTEDNESS

Accounts payable and accrued liabilities	\$ 420,057
--	------------

There are no material differences that exist between the above computation and the Company's corresponding unaudited Form X-17A-5, Part IIA filing.

See independent auditors' report.

GLOBAL INVESTOR SERVICES, L.C.

**STATEMENT ON EXEMPTION FROM THE COMPUTATION OF RESERVE
REQUIREMENTS AND INFORMATION FOR POSSESSION OR CONTROL**

REQUIREMENTS UNDER RULE 15c3-3

DECEMBER 31, 2003

In accordance with the exemptive provisions of SEC Rule 15c3-3, specifically exemption k(2)(ii), the Company is exempt from the computation of reserve requirements and the information relating to the possession or control requirements.

See independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING
AN EXEMPTION FROM SEC RULE 15c3-3**

To the Sole Member
Global Investor Services, L.C.
Miami, Florida

In planning and performing our audit of the financial statements and supplementary information of Global Investor Services, L.C. (the Company) for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in

conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Kenneth R. Smith". The signature is fluid and cursive, with a prominent "K" and "S".

Miami, Florida
February 4, 2004